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November 15, 2012

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase
Its Electric Rates and Charges
Docket No.: 2009-226-E

Dear Mrs. Boyd:

The purpose of this letter is to ask the Commission to terminate, as indicated below, DEC's demand side management give back decrement rider implemented pursuant to a settlement agreement reached by DEC, the South Carolina Office of Regulatory Staff ("ORS"), South Carolina Energy Users Committee ("SCEUC"), and the Southern Environmental Law Center ("SELC") in Docket No. 2009-226-E. The reasons for this request are addressed below.

Order No. 91-1022 in Docket No. 91-216-E approved a deferred accounting process to recover costs associated with the Company's pre Sav-a-Watt energy efficiency EE and DSM programs (collectively "DSM Funds"). Thereafter, in Docket No. 2009-226-E, the ORS, SCEUC, and SELC reached a settlement that provided, among other things, that a rider would be established to flow back over collection of the DSM Funds to the Company's South Carolina customers from the DSM deferral account balance ("DSM Balance") and that the revenue requirements associated with Vintage 0 of the Company's Modified Save-a-Watt program would be applied against the DSM Balance¹. The Commission approved the parties' settlement agreement in Order No. 2010-79 and directed the Company to return the DSM Balance over a three-year period at approximately \$43.5 million per year or until the DSM Balance was exhausted. The Commission ordered Duke to apportion the refund "in accordance with the class of customers supplying revenues to Duke Energy Carolinas during the period of the DSM program." Order Exhibit I at 13. Since that time, the refund has been apportioned in accordance with the class of customers supplying revenues to DEC during the period in which the DSM Balance was accumulated and the Company has adjusted the DSM Balance by the amount of revenue requirements approved by the Commission related to Vintage 0 of its Modified Save-a-Watt program.

¹ Vintage 0 refers to programs implemented during the period June 1, 2009 through January 31, 2010.

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As of September 30, 2012, the remaining DSM Balance was \$17,265,579 apportioned by rate class as follows:

- Residential - \$472,591
- Industrial - \$15,086,509
- General Service - \$1,755,908
- Lighting – (\$49,429)

Using projected sales from October 2012 forward, as of November 30, 2012, DEC expects the DSM Balance to be (\$7,491)² for Residential, (\$68,928) for General Service, and (\$68,510) for lighting. By May 31, 2013, DEC expects the DSM Balance for Industrial to be \$267,011.

DEC cannot be certain of the exact balance at the end of November, but in order to minimize any remaining over/under collection, DEC hereby requests termination of the rider for Residential, General Service and Lighting with billing cycles beginning December 1, 2012. Any balances remaining for these rate classes when the rider terminates will be handled through the Company's 2013 fuel proceeding. Likewise, DEC cannot be certain of the rate at which the DSM Balance for Industrial will decline. Consequently, DEC would propose ending the rider for the Industrial rate with billing cycles beginning June 2013. Any balance remaining for the Industrial rate class at the end of May would also be handled through DEC's 2013 fuel proceeding. Should the DSM Balance for Industrial decline at a faster or slower pace such that the rider needs to continue after May or terminate before May, DEC will come back to the Commission to request a different termination date.

Very truly yours,



Timika Shafeek-Horton,
Deputy General Counsel

TSH/gw

cc: Shannon Hudson, ORS Attorney
Other parties of record

² A negative balance indicates amounts due to DEC. A positive balance indicates amounts due to customers.